

## Required Supplemental Schedules

# Required Supplemental Schedule of Funding Progress — Pension Trust Funds

DRAFT

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)	(7) Market Value of Assets (4)	(8) Funded Ratio - Market Value of Assets Basis (7)/(2)
<b>PERF</b>								
6/30/97	\$108,566	\$97,925	(\$10,641)	110.9%	\$22,504	(47.3)%	\$120,629	123.2% <sup>1</sup>
6/30/98	128,830	106,938	(21,892)	120.5	24,672	(88.7)	143,144	133.9
6/30/99	148,605	115,748	(32,857)	128.4	27,636	(118.9)	159,567	137.9
6/30/00	162,439	135,970	(26,469)	119.5	28,098	(94.2)	172,163	126.6
6/30/01	166,860	149,155	(17,705)	111.9	30,802	(57.5)	156,035	104.6
6/30/02	156,067	163,961	7,894	95.2	32,873	24.0	142,455	86.9
6/30/03	158,596	180,922	22,326	87.7	34,784	64.2	144,330	79.8
6/30/04	169,899	194,609	24,710	87.3	35,078	70.4	167,110	85.9
6/30/05	183,680	210,301	26,621	87.3	36,045	73.9	189,103	89.9
6/30/06	199,033	228,131	29,098 <sup>2</sup>	87.2	38,047	76.5	211,188	92.6
<b>JRF II</b>								
6/30/97	\$7.242	\$7.906	\$0.664	91.6%	\$15.4	4.3%	\$7.242	91.6% <sup>1</sup>
6/30/98	15.120	15.043	(.077)	100.5	33.9	(0.2)	16.257	108.1
6/30/99	27.155	26.921	(.234)	100.9	40.0	(0.6)	28.373	105.4
6/30/00	40.503	41.619	1.116	97.3	43.0	2.6	41.354	99.4
6/30/01	55.955	60.933	4.979	91.8	61.5	8.1	51.982	85.3
6/30/02	71.929	76.459	4.530	94.1	72.8	6.2	65.390	85.5
6/30/03	96.107	105.116	9.009	91.4	87.3	10.3	90.714	86.3
6/30/04	129.153	137.704	8.551	93.8	99.0	8.6	129.316	93.9
6/30/05	167.556	177.761	10.205	94.3	111.8	9.1	171.875	96.7
6/30/06	212.904	220.135	7.231	96.7	125.3	5.8	218.987	99.5

# Required Supplemental Schedule of Funding Progress — Pension Trust Funds

(continued)

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(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)	(7) Market Value of Assets (4)	(8) Funded Ratio - Market Value of Assets Basis (7)/(2)
<b>VFF</b>								
6/30/97	\$1.360	\$1.121	(\$0.239)	121.3%	N/A	N/A	\$1.482	132.2%
6/30/98	1.678	1.500	(0.178)	111.8	N/A	N/A	1.936	129.1
6/30/99	1.987	1.805	(0.182)	110.1	N/A	N/A	2.207	122.3
6/30/00	2.302	2.296	(0.006)	100.3	N/A	N/A	2.423	105.5
6/30/01	2.524	2.183	(0.341)	115.6	N/A	N/A	2.373	108.7
6/30/02	2.310	2.453	0.143	94.2	N/A	N/A	2.100	85.6
6/30/03	2.786	3.206	0.420	86.9	N/A	N/A	2.533	79.0
6/30/04	2.975	3.525	0.550	84.4	N/A	N/A	2.780	78.9
6/30/05	3.212	3.651	0.439	88.0	N/A	N/A	3.050	83.5
6/30/06	3.587	4.118	0.531	87.1	N/A	N/A	3.480	84.5

## Notes:

<sup>1</sup> The funded ratio based on the market value of assets is the true measure of the plan's ability to pay benefits.

<sup>2</sup> The Unfunded Actuarial Accrued Liability (Actuarial Liability in excess of actuarial value of assets) of the PERF by major employer group from the June 30, 2006 valuation is as follows: 1) \$15,441 for the State of California, 2) \$2,909 for schools, and 3) \$10,747 for public agencies.

## Required Supplemental Schedule of Employer Contributions — Pension Trust Funds

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Year Ended June 30	PERF Employer Contributions		LRF Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
1998	\$2,289,526,403	100%	\$2,022,421	33.4%
1999	1,598,316,666	100	— <sup>1</sup>	N/A
2000	362,614,344	100	— <sup>1</sup>	N/A
2001	321,618,855	100	— <sup>1</sup>	N/A
2002	800,964,553	100	— <sup>1</sup>	N/A
2003	1,925,043,858	100	— <sup>1</sup>	N/A
2004	4,261,347,422	100	— <sup>1</sup>	N/A
2005	5,774,120,281	100	— <sup>1</sup>	N/A
2006	6,095,029,424	100	— <sup>1</sup>	N/A
2007	6,442,383,867	100	— <sup>1</sup>	N/A

### Notes:

- <sup>1</sup> Based on the June 30, 2005, 2004, 2003, 2002, 2001, 2000, 1999, 1998, and 1997 actuarial valuations, the annual required contributions for the years ended June 30, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, and 1999 were \$0.

## Required Supplemental Schedule of Employer Contributions — Pension Trust Funds (continued)

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JRF Employer Contributions		JRF II Employer Contributions		VFF Employer Contributions	
Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
\$133,754,812	42.0%	\$5,339,054	102.2%	\$166,708	100%
139,537,660	60.6	7,297,687	100.8	124,291	100
138,895,276	53.3	7,419,121	100.6	202,395	100
162,054,610	56.2	9,572,604	101.9	193,530	100
163,772,915	39.9	11,147,294	112.0	93,889	100
189,781,088	51.9	16,640,312	92.1	497,076	100
194,487,295	55.2	18,207,531	100.2	223,224	100
189,949,846	66.9	22,819,881	92.9	211,043	100
194,927,817	61.9	25,477,158	94.5	326,972	100
560,879,874 <sup>1</sup>	23.4	28,506,356	94.9	328,732	100

### Notes:

- <sup>1</sup> Prior to fiscal year 2007 a variation of the Aggregate Cost Method was used to determine the ARC. Effective fiscal year 2007 the Traditional Aggregate Cost Method was used to determine ARC.

# Required Supplemental Schedule of Funding Progress — Other Post-Employment Benefit Trust Fund

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(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)	(7) Market Value of Assets	(8) Funded Ratio-Market Value of Assets Basis (7)/(2)
<b>CERBTF</b>								
6/30/07	\$11.4	\$23.6	\$12.2	48.5%	\$37.1	32.8%	\$11.4	48.5% <sup>1</sup>

## Notes

<sup>1</sup> The funded ratio based on the market value of assets is the true measure of the plan's ability to pay benefits.

# Required Supplemental Schedule of Employer Contributions — Other Post-Employment Benefit Trust Fund

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Year Ended	CERBTf Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made
CERBTf		
6/30/2007	\$2,320,693	494.2%

## 1. Actuarial Information

Assumptions shown below are those used in the most recent actuarial valuations utilized in compiling the Required Supplemental Schedules. For the Required Supplemental Schedules of Funding Progress the valuations used were as of June 30, 2006. The as of dates for the Required Supplemental Schedules of Employer Contributions were June 30, 2005 for PERF State and Schools, LRF, JRF, JRF II, and VFF; and June 30, 2004, for the PERF Public Agencies.

	PERF	LRF	JRF	JRF II	VFF	CERBTf
Valuation Date	June 30, 2006	June 30, 2006	June 30, 2006	June 30, 2006	June 30, 2006	June 30, 2007
Adoption Date	Various	Various	Various	Various	Various	Various
Actuarial Cost Method	Individual Entry Age Normal Cost	Aggregate Cost Method	Aggregate Cost Method	Aggregate Entry Age Normal Cost	Unit Credit	Entry Age Normal
Amortization Method	Level Percentage of Payroll Closed	None <sup>2</sup>	None <sup>2</sup>	Level Percentage of Increasing Payroll Closed <sup>3</sup>	Fixed Years	Closed
Remaining Amortization Period	29 Years for Schools, Average of 22 Years for Public Agencies, and 23 to 28 Years for the State Plans	None <sup>2</sup>	None <sup>2</sup>	Average of 30 Years	29 Years	30 Years
Asset Valuation Method	Smoothing of Market Value	Smoothing of Market Value	Market Value	Smoothing of Market Value	Smoothing of Market Value	Current Market Value
Health Care Cost						
Trend Rate						
-Service	N/A	N/A	N/A	N/A	N/A	5 - 9 Years
-Initial Rate	N/A	N/A	N/A	N/A	N/A	9.00 - 11.70 %
-Ultimate Rate	N/A	N/A	N/A	N/A	N/A	4.50 - 5.00 %
Actuarial Assumptions:						
Net Investment Rate of Return	7.75%	7.00%	7.00%	7.25%	7.50%	7.75
Projected Salary Increases <sup>1</sup>	Varies, Based on Duration of Service	3.25%	3.25%	3.25%	None	3.25 %
Post Retirement Benefit Increase	2% or 3% for State and Schools Depending on Plans System Varies 2% to 5% for Public Agencies	3.00%	3.25%	3.00%	None	N/A
<sup>1</sup> Includes Inflation at:	3.00%	3.00%	3.00%	3.00%	N/A	3.00 %

<sup>2</sup> The Aggregate Cost Method does not identify or separately amortize unfunded actuarial liabilities.

<sup>3</sup> Payroll has been increased by future new entrants replacing JRS retirements and terminations. The impact of including these new entrants has been determined to not materially impact the ARC amount.



The table on the next page illustrates how the HCF earned revenues and investment income compared to related costs of loss and other expenses assumed by the HCF as of the end of each of the years presented. The rows of the table are defined as follows.

- 1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues.
- 2) This line shows each fiscal year's other operating costs of the HCF, including overhead and claims expense not allocable to individual claims.
- 3) This line shows the HCF's incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- 4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- 5) This section shows how each policy year's incurred claims changed as of the end of successive years. This annual re-estimation results from new information received on known claims, as well as emergence of new claims not previously known.
- 6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

# Required Supplemental Schedule of Claims Development Information (continued)

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## Public Employees' Health Care Fund — June 30, 2007

(Dollars in Thousands)

	Fiscal & Policy Year Ended			
	1998	1999	2000	2001
1. Net Earned Required Contribution & Investment Revenues	\$359,466	\$396,255	\$472,233	\$581,015
2. Unallocated Expenses	\$26,873	\$37,869	\$35,780	\$41,180
3. Estimated Incurred Claims & Expenses, End of Policy Year	\$339,123	\$402,578	\$537,181	\$599,337
4. Paid (Cumulative) as of:				
End of Policy Year	\$269,645	\$327,336	\$443,109	\$495,466
One Year Later	316,528	373,345	498,607	554,361
Two Years Later	316,528	373,345	498,607	554,361
Three Years Later	316,528	373,345	498,607	554,361
Four Years Later	316,528	373,345	498,607	554,361
Five Years Later	316,528	373,345	498,607	554,361
Six Years Later	316,528	373,345	498,607	554,361
Seven Years Later	316,528	373,345	498,607	—
Eight Years Later	316,528	373,345	—	—
Nine Years Later	316,528	—	—	—
5. Re-estimated Incurred Claims & Expenses:				
End of Policy Year	\$339,123	\$402,578	\$537,181	\$599,337
One Year Later	316,528	373,345	498,607	554,361
Two Years Later	316,528	373,345	498,607	554,361
Three Years Later	316,528	373,345	498,607	554,361
Four Years Later	316,528	373,345	498,607	554,361
Five Years Later	316,528	373,345	498,607	554,361
Six Years Later	316,528	373,345	498,607	554,361
Seven Years Later	316,528	373,345	498,607	—
Eight Years Later	316,528	373,345	—	—
Nine Years Later	316,528	—	—	—
6. Decrease in Estimated Incurred Claims & Expenses From End of Policy Year	(\$22,595)	(\$29,233)	(\$38,574)	(\$44,976)

**ation** (continued)

## (Dollars in Thousands)

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